# GOVERNMENT OF INDIA
# PETROLEUM AND NATURAL GAS
# LOK SABHA

UNSTARRED QUESTION NO:2785
ANSWERED ON:09.08.2001
LOSSES SUFFERED BY MRPL
M.V.CHANDRASHEKHARA MURTHY;NEDURUMALLI JANARDHANA REDDY

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

(a) whether Mangalore Refinery and Petro-Chemicals Limited (MRPL) has been suffering losses during the last year;

(b) if so, the details thereof and the factors responsible for such losses;

(c) whether any responsibility has been fixed on such losses;

(d) if so, the details thereof and if not, the reasons therefor;

(e) the details of profits earned / losses suffered by each of the refinery during 2000-2001; and

(f) the steps taken by the Government to check such losses?

## Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b) Mangalore Refinery & Petrochemicals Limited (MRPL) has suffered a loss of Rs.185 crore during the year 2000 - 2001.

The factors responsible for MRPL`s losses, inter alia, are the following:

(i) Low refining margins due to price of finished products moving at a lower rate than the increase in the price of crude oil;

(ii) High interest (due to high debt equity ratio) and depreciation burden.

(c) & (d) Since MRPL is a non-PSU company, analysis of losses and fixation of responsibility in this regard is not taken up by the Government.

(e) The amounts of profit earned / loss incurred by oil companies having refineries during the year 2000 - 2001 are given in Annexure.

(f) The gross margin level of refineries gets affected for the reason that increase in the prices of crude oil normally does not follow commensurate increase in the product prices in the international market. Consequent to the Government decision taken in November, 1997, the retention system of pricing for the refineries has been abolished with effect from 01.04.1998. Refineries are now being paid for the controlled petroleum products at import parity basis.

Annexure referred to in reply to part (e) of Lok Sabha Unstarred Question No.2785 for 09.08.2001 regarding losses suffered by MRPL.

Details of profit earned / loss suffered by oil companies having refineries during 2000 - 2001

(in Rs. crore)

| S.NO. | Name of Oil Co. having Refinery(ies) | Profit earned | Loss incurred |
|---|---|---|---|
| 1. | Indian Oil Corporation Limited | 2,720.33 | |
| 2. | Bharat Petroleum Corporation Limited | 820.00 | |

3. Hindustan Petroleum Corporation Limited 1,088.01

4. Kochi Refineries Limited 109.46

5. Chennai Petroleum Corporation Limited 122.43
6. Bongaigaon Refinery & Petrochemicals Limited 57.44

7 Numuligarh Refinery Limited 21.6
(from October,
2000 to March, 2001)

8. Mangalore Refinery & Petrochemicals Limited 185.00

9. Reliance Petroleum Limited 1464.00